

## KAI MALU AT WAILEA – PHASE IV

DISCLOSURE ABSTRACT

1. (a) PROJECT: Kai Malu at Wailea  
Kihei, Hawaii
- (b) DEVELOPER: Kai Malu Wailea LLC  
80 Sand Island Access Road, Suite 209  
Honolulu, Hawaii 96819
- (c) MANAGING AGENT: Certified Management, Inc.  
dba Certified Management of Maui  
270 Hookahi, #202  
Wailuku, Hawaii 96793  
Telephone: (808) 244-7684
- (d) REAL ESTATE BROKER: Armstrong Properties, Ltd.  
80 Sand Island Access Road, Suite 209  
Honolulu, Hawaii 96819  
Telephone: (808) 848-2484
2. USE OF APARTMENTS:
  - (a) Number of Apartments in Project for Residential Use: 150; Phase IV covers 28 apartments of the total 150 apartments
  - (b) Proposed Number of Apartments in Project for Hotel Use: -0-
  - (c) Extent of Commercial or Other Nonresidential Development in Project: None
3. WARRANTIES:
  - (a) Warranties.

Seller will not be providing any warranties related to the Apartment or the common elements of the Project. However, Seller will use reasonable efforts to arrange for the assignment of applicable warranties, if any, to Buyer from the general contractor and subcontractors, relating to the workmanship of the initial construction of the Apartment and the common elements of the Project. All materials, including without limitation, all appliances, light fixtures, floor coverings and other such items within the Apartment and the common elements

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of the Project, shall be covered solely by the applicable warranties, if any, of the respective manufacturers thereof. The warranty periods of the various warranties described herein may vary, and Buyer should notify directly the general contractor, the subcontractors or the manufacturers, as applicable, with respect to any warranty claims that Buyer may have. Seller shall cooperate with the Buyer during the effective period of such warranty in asserting any claims based on any such warranty. Seller is merely attempting to pass through to the Buyer any such warranties; Seller is not adopting any such warranties or acting as co-warrantor with respect to such warranties. The terms of the written warranties will be available for the Buyer's examination at the Seller's sales office.

(b) No Other Warranties.

Except for the agreements set forth herein, THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY APARTMENT, THE PROJECT, ANY CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED IN ANY APARTMENT OR THE PROJECT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF ANY APARTMENT FOR A PARTICULAR PURPOSE.

4. BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:

Attached to this Disclosure Abstract as Exhibit "1" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Certified Management, Inc., a Hawaii corporation, for the one-year period commencing January 1, 2008, and certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of real property taxes, and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE CHARGES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD EXAMINE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED IN THE SCHEDULE.

5. WAILEA COMMUNITY ASSOCIATION DUES:

Each apartment owner will be required to be a member of the Wailea Community Association. As such member, each apartment owner will be required to pay Wailea Community Association monthly dues. As of January 1, 2007, the Wailea Community Association dues for apartment owners in the Project are \$396.10 per year.

6. TERMINATION OF DEVELOPER'S TEMPORARY ASSUMPTION OF ACTUAL COMMON EXPENSES:

The Developer had assumed all the actual common expenses of the Project (and therefore an apartment owner had not been obligated for the payment of his respective share of the common expenses). Effective from and after January 1, 2007, each apartment owner in the Project shall be obligated to pay his respective share of the common expenses allocated to his apartment.

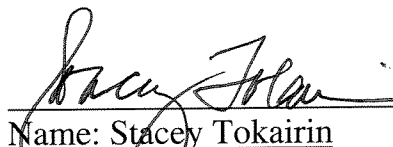
CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am the Sr. Vice President of Oahu Operations of Certified Management, Inc., a Hawaii corporation, designated by the Developer of the Kai Malu at Wailea condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514A-83.6 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing January 1, 2008, based on generally accepted accounting principles.

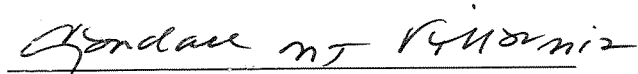
DATED: Honolulu, Hawaii, this 13<sup>th</sup> day of March, 2008.



Name: Stacey Tokairin

Title: Sr. Vice President, Oahu Operations

Subscribed and sworn to before me  
this 13<sup>th</sup> day of March, 2008.



Typed or Printed Name: Candace MT Villarmia  
Notary Public, State of Hawaii

My Commission expires: 07/09/08

EXHIBIT "1"

KAI MALU AT WAILEA

Estimated Annual Common Expenses

	<u>MONTHLY</u>	<u>ANNUAL</u>
<u>Utilities</u>		
Electricity (common elements only)	\$4,935	\$59,220
Telephone (common elements only)	160	1,920
Water and Sewer	33,850	406,200
Gas (common elements only)	150	1,800
Cable television (common elements only)	100	1,200
<u>Services</u>		
Exterminating	2,850	34,200
Refuse Removal	3,525	42,300
Security	850	10,200
<u>Maintenance, Repairs and Supplies</u>		
Buildings	4,205	50,460
Grounds	36,000	432,000
<u>Management</u>		
Management Fee	2,400	28,800
Wages, Employee Benefits and Payroll Taxes	8,079	96,948
Administrative Expenses	673	8,076
<u>Insurance</u>	20,111	241,332
<u>Reserves</u>	34,340	412,080
<u>Taxes – General Excise</u>	36	432
<u>Professional Services – Accounting Fees – Audit, Tax Preparation</u>	350	4,200
<u>Professional Services – Legal Fees</u>	100	1,200
TOTAL DISBURSEMENTS	<u>\$152,714</u>	<u>\$1,832,568</u>

The estimated annual common expenses contained in this Exhibit "1" do not include the cost to repair and maintain the swimming pools, if any, spas, if any, and/or fences, if any, located within the yard areas that are limited common elements of the Project, the cost of which shall be charged separately to the owners of the apartments to which such yard areas containing such swimming pools, spas and/or fences are appurtenant, as limited common expenses.

The estimated annual common expenses contained in this Exhibit "1" are for the entire 150-apartment Kai Malu at Wailea condominium project.

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

The estimated monthly maintenance charge for each Type A and Type AR apartment is \$984.32 per month.

The estimated monthly maintenance charge for each Type B and Type BR apartment is \$1,015.00 per month.